CHAPTER I

INTRODUCTION

1.1 Background of the Study

Economic conditions are experiencing growth along with the development of an increasingly modern era. This causes companies to be able to meet increasingly diverse consumer demands every day. The development of information technology and the increase in advanced consumer income make people now have a consumptive lifestyle. Consumer spending rises because of the desire to keep up. Consumers spend time on recreation with family or friends to go to the mall. Consumer behavior that often occurs currently, especially when inside the mall is impulse buying. Increasing consumer demand causes companies to be able to make products that can compete in the market by providing a wide variety of products and quality products. Companies are using competitive strategies on impulse buying behavior so that the company can survive and excel in the competition.

Consumers also adjust to the efficiency of spending, what things are urgent to buy, and which things can be postponed according to the priority. It is important for companies to develop business strategies that are able to take opportunities at every opportunity to sustain the company and how to attract customers to buy the products.

Visual merchandising is a method of displaying items in a way that attracts attention and is visible to potential customers (Widayati *et al*, 2019). Creating good

products that will be displayed in the store can increase the desire of consumers to visit the store and to buy products without being planned. Store atmosphere is the environment design of a store or outlet, incorporating visual elements such as lighting, color, music, and scents, creates a shopping experience that shapes customers' perceptions and emotional responses, eventually affecting their purchasing decisions (Suriansha *et al*, 2022). The physical layout of an outlet store can significantly affect the experience of those who visit it. A customer's first impression of a store is shaped by its layout, appearance, cleanliness, and overall atmosphere from the minute they walk in. According to Ristani *et al* (2019), impulsive buying is the tendency of customers to make purchases on the spur of the moment, without thinking about it, in a hurry, and motivated by emotional psychological characteristics of a product, as well as persuasion from marketers.

PT Matahari Department Store is one of biggest and popular shopping stores in Indonesia. The writer chooses PT Matahari Department Store Medan Fair Plaza as the object of later research due to the location of PT Matahari Department Store Medan Fair Plaza where the writer can access easily and can represent this research with four variables in this study.

The problem I found in Matahari Department Store Medan Fair Plaza is that it seems like customers who visit the Matahari Department Store don't have an interesting reason when buying clothes there because according to my observation some of the clothes that are displayed on some outlets of the store are old stock clothes. Although they have a lot of promos being offered for customers, most of the products seem a little slow to catch trends for fashion. There are several brands

that is quite well-known among customers, but it seems like the clothing style is not really familiar with the customer. So, although customers have seen them, they don't decide to buy the products in the first place and they might want to consider it before actually buying the items. Not all the clothes that customers need are available at PT Matahari Department Store Medan Fair Plaza and not all brands of clothes that customers like are also available at PT Matahari Department Store Medan Fair Plaza. The clothes presented in the shop are mostly common, in other words, many of the styles of clothes sold in the store are also found in other fashion stores, making the uniqueness of the clothing products sold at PT Matahari Department Store Medan Fair Plaza less varied. There are items that are often promoted to customers, but the clothing sizes of the clothes being promoted are incomplete and cannot meet customer needs.

From what I observed of the visual merchandising, for the store lighting, there are some areas of the store that have good lighting and other areas that have poor lighting which creates a gloomy atmosphere so that customers have no intention of visiting the store. The mannequins that are being displayed use the same clothes for a long period of time and it doesn't excite customer to shop for the products. Some mannequins around the store may also disrupt customers when it is too crowded, and customers have to pass by. Although there are a lot of promos sign around the store, sometimes customers can be confused because the promotional signs placed on counters or outlets do not clearly indicate which items are discounted and which items are not discounted, such as a promotional sign placed in the middle of a product counter containing two different types of brands.

If a customer sees the counter, it is likely that the customer will be confused about which brand of product is discounted and which is not because maybe only one brand is being discounted on that counter.

The atmosphere at PT Matahari Department Store Medan Fair Plaza does not seem capable of inviting customer to shop in the store. Some counters have a pile of clothes that is scattered everywhere and nobody is responsible to tidy it up again, it creates messiness in the store. Some counters also is being located not with the right outlet or with the right brand, which makes confusion for customer who want to buy the items. Most of the outlet designs have the same exterior and graphic design, which is having one to two large posters pasted on the white wall, which are displayed for a long time, creating a monotonous shop atmosphere. The route or aisle for people to move around the store seems a little narrow, especially when a lot of people are passing by, which makes customers cramped themselves while walking around the store.

Customers find themselves feeling uncomfortable sometimes when they first step into the store with no AC on around the store and no fresh scents and end up having the store area with stink smell that are uncomfortable to breathe. Customers may experience bad customer service because there are several sales promotion staff that seem less welcoming or too talkative so that customers feel they have less freedom in searching for items and exploring the products they are looking for.

Regarding on the explanation above, this research aims for the writing of **"The Effect of Visual Merchandising, Store Atmosphere and Positive Emotion**

of Consumers on Impulsive Buying Behavior at PT Matahari Department Store Medan Fair Plaza."

1.2 Problem Limitation

Due of limitation of time, some of the limitations of the problem in this study are as follows:

a) The research uses (4) variables, which are: Visual Merchandising as X_1, Store Atmosphere as X_2, Positive Emotion of Consumers as X_3, and Impulsive Buying Behavior as dependent variable (Y).

According to Kertiana *et al* (2019), the indicators of visual merchandising as X_1 are windows display, mannequin display, promotional signage, and floor merchandising. According to Suriansha *et al* (2022), the indicators of store atmosphere as X_2 are design of outlets, store planning, and visual communication. According to Widayati *et al* (2019) the indicators of positive emotion of consumers as X_3 are pleaser, arousal, and dominance. According to Christina *et al* (2019) the indicators of impulsive buying as Y are pure impulse, reminder impulse, suggestion impulse, and planned impulse.

b) Due to location and time constraints, the writer will focus only on visual merchandising, store atmosphere, and positive emotion of consumers and its effect on impulse buying behavior in PT Matahari Department Store Medan Fair Plaza.

1.3 Problem Formulation

The following are the question to be answered in this research:

a) How does visual merchandising influence impulsive buying behavior in PT Matahari Department Store Medan Fair Plaza?

b) How does store atmosphere influence impulsive buying behavior in PT Matahari Department Store Medan Fair Plaza?

c) How does positive emotion of consumers influence impulsive buying behavior in PT Matahari Department Store Medan Fair Plaza?

d) Do visual merchandising, store atmosphere, and positive emotion of consumers influence impulsive buying behavior in PT Matahari Department Store Medan Fair Plaza?

1.4 Objective of the Research

The objectives of this research are as follow:

a) To analyze the influence of visual merchandising on impulsive buying behavior in PT Matahari Department Store Medan Fair Plaza.

b) To analyze the influence of store atmosphere on impulsive buying behavior in PT Matahari Department Store Medan Fair Plaza.

c) To analyze the influence of positive emotion of consumers on impulsive buying behavior in PT Matahari Department Store Medan Fair Plaza.

d) To analyze visual merchandising, store atmosphere, and positive emotion of consumers has influence on impulsive buying behavior in PT Matahari Department Store Medan Fair Plaza.

1.5   Benefit of the Research

1.5.1   Theoretical Benefit

The results of this research are expected to contribute to the development of theories, especially on visual merchandising, store atmosphere, and positive emotion of consumers and its effect on impulse buying behavior.

1.5.2   Practical Benefit

a) For the writer

This research is expected to add knowledge and insight about visual merchandising, store atmosphere, and positive emotion of consumers and its effect toward impulse buying behavior.

b) For the company

This research is expected to be useful for the company regarding how to overcome the problem discussed in this research and to provide information to achieve the desired outcome that will sustain the company.

c) For other researchers

This research is expected to be used as references, material, and comparison that provide information for similar fields in the future